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C O N F I D E N T I A L JERUSALEM 001337

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NEA FOR FRONT OFFICE, NSC FOR ABRAMS/DORAN/MUSTAFA

E.O. 12958: DECL: 04/03/2016

TAGS: [PREL](#) [PGOV](#) [KWBG](#) [KPAL](#) [KDEM](#) [IS](#)

SUBJECT: PALESTINIAN ELECTIONS COMMISSION FACING INSOLVENCY

Classified By: Consul General Jake Walles, per reasons 1.4 (b) and (d).

¶1. (C) Summary. Palestinian Central Elections Commission (CEC) officials warned international donors that the CEC faced insolvency unless it received immediate financial assistance to cover its one-year budget. CEC Chairman Dr. Hana Nasir said that the CEC -- an independent agency whose leadership is appointed by the PA President -- would cease operations if the CEC did not receive an infusion of funds to pay April salaries. In presenting the CEC's budget to donors, Nasir indicated that the funding for the first six months would be geared toward preparations for the fifth round of municipal elections, which he expected to take place this summer. End summary.

CEC Budget

¶2. (SBU) During a March 29 meeting with donors in the Elections Reform Support Group (ERSG), CEC Chairman Dr. Hana Nasir presented a revised one-year budget in response to concerns raised by donors at an earlier meeting. Nasir said that the budget for the first six months (USD 2,954,409) would be allocated toward funding a fifth and final round of municipal elections. While no date has yet been agreed with the new PA government, Nasir anticipated that the elections could take place in late July. (Note: The fifth round of municipal elections would include the large population centers of Hebron, Khan Yunis, and Gaza City. Nasir did not indicate whether elections would be re-held in the Gaza localities of Rafah, al-Burayj, and Bayt Lahia, which were invalidated by a PA court last year. End note.) Nasir also noted that the budget would enable the CEC to handle snap Palestinian elections, should the CEC be called upon to organize them. (Note: According to the Palestinian Basic Law, PA presidential elections must occur within 60 days of the president's death or his tendered resignation, which must be approved by two-thirds of the sitting PLC members. The Basic Law, however, does not provide a similar timetable for holding out-of-year legislative elections. End note.)

¶3. (SBU) Nasir said that the remaining six months of the budget would be considerably less (USD 1,927,400), with the costs focused on conducting voter registration. Nasir expected the CEC budget to decrease further in the future due to additional restructuring that would reduce permanent CEC staff to approximately 45 personnel.

CEC Facing Insolvency

¶4. (SBU) Nasir warned the donors that the CEC faced insolvency without an immediate infusion of donor support. After March, the CEC would be unable to pay April salaries to

its staff, who may opt to abandon their jobs at the CEC. PA financial assistance is not forthcoming. Without donor support, Nasir said that the CEC may be forced to shut down operations altogether.

Comment

15. (C) The CEC's performance in conducting both Palestinian presidential and legislative elections has earned strong praise from international election observers and donors alike. The hallmark of the CEC's success has been its ability to maintain independence from PA institutions and Palestinian factions. Nasir believes assistance from the new Hamas-led PA is unlikely, given budget constraints, thereby making the CEC dependent on donor funding for at least the next year.

16. (C) USAID has provided commodity and technical assistance to the CEC since late 2004. This aid is currently scheduled to end in June 2006. USAID has not provided direct budget support due to legislative restrictions. The bulk of funding to the CEC has come from the EU and other donors. According to the ERSg secretariat, the EU, Japan, Sweden, Canada, and Norway have thus far indicated interest in releasing up to USD three million in assistance to the CEC. The secretariat has set an April 4 deadline for donor pledges. Support to the CEC is consistent with USG contact policy and the future strategy for U.S. assistance. ConGen recommends that Department use upcoming informal donor meetings to convey our support for continued funding by other donors.

WALLES